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Message Text

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44
ACTION XMB-04

INFO OCT-01 EUR-08 ISO-00 AID-05 CIAE-00 COME-00 EB-04

FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 OPIC-06 SP-02

CIEP-01 LAB-01 SIL-01 OMB-01 IGA-01 L-01 DRC-01 /044 W
---------- 035437
R 181150Z OCT 74
FM AMEMBASSY MADRID
TO "SECSTATE WASHDC 253
/AMCONSUL BARCELONA

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E.0. 11652: N/A
TAGS: BPRO
SUBJ: EXIMBANK GUARANTEE REQUEST FOR SALE OF AIR COMPRESSORS TO PERMOPSA

REF: STATE 217972

1. EMBASSY OFFICER CALLED ON E.G. COOK, MANAGING DIRECTOR, PERMOPSA, TO DISCUSS PURCHASE COMPRESSORS FROM SULLAIR CORP., MICHIGAN CITY, INDIANA. BY COINCIDENCE MR. GARY D. DENARDO OF SULLAIR WAS AT PERMOPSA AND JOINED CONVERSATION. EMBOFF BROACHED SUBJECT IN TERMS EXIMBANK FINANCING AND INFORMATION CONCERNING SLOW MOVING INVENTORIES.

2. COOK STATED THAT FIRST SIX MONTHS 1974 SALES EQUALED TOTAL 1973 AND EXPECTED 1974 PERFORMANCE DOUBLE 1973. NATURE OF BUSINESS REQUIRES EXTENSIVE INVENTORIES OF PARTS AND REPLACEMENT EQUIPMENT SINCE DALAYS OBTAINING THEM ARE COSTLY FOR PRINCIPAL CUSTOMERS IN MINING AND PUBLIC WORKS.

3. STATED THAT FIRM HAD HAD PROBLEMS WITH ACCOUNTANTS AND IS NOW EMPLOYING AN ACCOUNTING CONSULTANT FIRM TO COMPLETELY REVISE BOOKS. DENARDO ADDED COPIES OF LATEST REVISED ACCOUNTS GIVEN TO SULLAIR BY PERMOPSA WERE PASSED EXIMBANK THROUGH
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ST. JOSEPH BANK AND TRUST, SOUTH BEND, INDIANA WHICH IS FINANCING

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THIS SALE.

4. COOK MENTIONED DIFFICULTY WITH SCHRAMM CORP. OF WEST CHESTER, PA. STATED THEY HAD BEEN HANDLING SCHRAMM'S PRODUCTS FOR SOME TIME AND AT MOMENT HAD EXTENSIVE STOCK OF THEIR PRODUCTS. PROBLEM AROSE WHEN PERMOPSA SENT REPRESENTATIVES OF IMPORTANT LOCAL CUSTOMER AT PERMOPSA EXPENSE TO SEE SCHRAMM EQUIPMENT IN US. SCHRAMM COULD NOT SHOW EQUIPMENT TO VISITORS MAKING VISIT COMPLETE FAILURE. SCHRAMM REPRESENTATIVE SUBSEQUENTLY, VERBALLY TOLD PERMOPSA PRESIDENT THAT COMPANY WOULD SEND DRILL RIG TO SPAIN FOR DEMONSTRATION. THIS WAS LATER DENIED BY SCHRAMM IN WRITTEN REPLY TO PERMOPSA LETTER ON MATTER. PERMOPSA SUBSEQUENTLY PURCHASED ONE OF THESE DRILL RIGS AND IS PAYING FOR IT NOW. APPARENTLY AS RESULT OF INCIDENT SCHRAAM STATED TO PERMOPSA THAT IT WOULD NOT RENEW EXCLUSIVE REPRESENTATION AGREEMENT WHEN IT EXPIRES 31 DEC 1974. COOK HOPES SCHRAMM WILL RECONSIDER AND RENEW.

5. DENARDO BROUGH UP MATTER CONCERNING PERMOPSA PAYING FOR EARLIER ORDER OF 25 COMPRESSORS FOR $250,000. FINAL PERMOPSA PAYMENT OF $7,500 TO EXPORT CREDIT CORP., NEW YORK, WAS APPARENTLY MISHANDLED BY BANCO EXTERIOR IN MADRID. PERMOPSA HAD ORDERED BANCO EXTERIOR TO MAKE PAYMENT BUT BANK FILED TO DO SO. THIS HAS BEEN CORRECTED. IMPORTANT POINT IS THAT THIS WAS RELATIVELY SMALL FINAL PAYMENT ON $250,000 BILL.

6. COOK SAID PERMOPSA HAD SOLD ABOUT 15 OF FIRST 25 COMP-RESSORS BOUGHT FROM SULLAIR WITHIN LAST SIX MONTHS. EXPECT TO EAISLY SELL REMAINDER THESE AND CURRENT ORDER FOR ADDITIONAL 40 MACHINES. DENARDO SAID PERMOPSA IS BEST AGENT SULLAIR HAS IN EUROPE.

7. BASED ON COOK' STRAIGHTFORWARD DISCUSSION POSSIBLE REASONS FOR DELAY IN EXIMBANK GUARANTEE AND STRONG SUPPORT GIVEN BY SULLAIR REP DENARDO, AS WELL AS GOOD RECORD OF FIRM TO DATE (MADRID 3770, WTDR 17 JUNE 1974),
EMBASSY SEES NO REASON FURTHER DELAY EXIMBANK GUARANTEE. DENARDO STATED THAT BASED ON VERBAL ASSURANCE EXIMBANK GUARANTEE SULLAIR HAD ALREADY SCHEDULED THIS ORDER COMPRESSORS FOR PERMOPSA IN COMPANY'S PRODUCTION. HE WAS VERY SURPRISED AT
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CURRENT DELAY. EMBASSY URGES GUARANTEE BE EXPEDITED.
RIVERO

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NNN

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Control Number: n/a
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Draft Date: 18 OCT 1974
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
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